

## **Program A: Property Taxation Regulatory /Oversight**

### **OBJECTIVES AND PERFORMANCE INDICATORS**

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2002-2003. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicators are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year of the budget document.

DEPARTMENT ID: 12 Department of Revenue  
 AGENCY ID: 12-441 Louisiana Tax Commission  
 PROGRAM ID: Program A: Property Taxation Regulatory/Oversight

1. (KEY) To hear 100% of all protest hearings within the tax year in which the protest was filed.

Strategic Link: This Operational Objective is related to the Agency's Strategic Objective 1.1

Louisiana: Vision 2020 Link: Not Applicable

Children's Cabinet Link: Not Applicable

Other Link(s): None

Explanatory Note: The Louisiana Tax Commission holds hearings for a variety of purposes. As the regulatory/oversight agency for ad valorem taxation, the Louisiana Tax Commission (LTC) is required to hold protest hearings when there is a tax dispute. In accordance with R. S. 49:951 et seq., the LTC must promulgate and adopt rules and regulations pertaining to property taxation. Hearings are a part of that rule-making process. The LTC completes 70 ratio studies each year. The commission is required to announce the ratio study results at a public hearing each year for each individual assessor. Protest hearings make up the majority of hearings. For example, in FY 1997-1998, the LTC held 260 protest hearings, 4 rules and regulations hearings, and 1 ratio hearing; in FY 1998-1999 there were 95 protest hearings, 4 rules and regulations hearings, and 1 ratio hearing; and in FY 1999-2000 there were 136 protest hearings, 4 rules and regulations hearing and 1 ratio hearing.

It is difficult to predict accurately the number of hearings that will be heard each year. In addition, some protests are settled without a hearing. However, regardless of the number of protest hearings that come before the Louisiana Tax Commission, the commission is committed to hearing all protests within the tax year in which the protests were filed. For the actual number of protest hearings that were completed from FY 1995-1996 through FY 1999-2000, see the General Performance Information table that follows Objective 2.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
K	Percentage of protest hearings completed within the tax year in which the protest was filed <sup>1</sup>	100%	98%	100%	100%	100%	100%

<sup>1</sup> It is difficult to predict accurately the number of hearings that will be heard each year. In addition, some protest are settled without a hearing. However, regardless of the number of protest hearings that come before the commission, the commission is committed to hear all protests within the tax year in which the protests were filed. For the actual number of protest hearings that were completed from FY 1996-97 through FY 2000-01, see the General Performance Table following Objective 2.

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2. (KEY) To conduct all bank and insurance company assessments, public utility company appraisals and assessments, and tax roll certification activities necessary to support local tax collection.

Strategic Link: This operational objective is related to the following components of the program's strategic plan: Goal I, Objective I.1 and Strategy I.1.3: *Perform annual assessments on banks, insurance companies, and financial institutions.*

Louisiana: *Vision 2020* Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
K	Percentage of banks and insurance companies assessed <sup>1</sup>	100%	100%	100%	100%	100%	100%
K	Percentage of tax rolls certified before November 15th of each year <sup>2</sup>	100%	100%	100%	100%	100%	100%
K	Percentage of public utility companies appraised and assessed <sup>3</sup>	100%	100%	100%	100%	100%	100%

<sup>1</sup> The Louisiana Tax Commission (LTC) makes the assessment of banks and insurance companies annually for distribution to local assessors. With consolidations, mergers, and acquisitions, the number of banks and insurance companies fluctuates from year to year. This fluctuation makes it difficult to predict accurately the number of banks and insurance companies to be assessed each year. However, the LTC assesses all banks and insurance companies annually, regardless of the number of such companies. For historical information on the number of banks and insurance companies assessed as well as the assessed value of those banks and insurance companies, see the General Performance Information table that follows this objective.

<sup>2</sup> There are 70 local tax assessors in Louisiana. Prior to November 15th of each year, local tax assessors are required to submit their tax rolls to the Louisiana Tax Commission (LTC) for certification. Certification must occur before tax collectors can begin to collect taxes. Should it be necessary to correct or change an assessment after the rolls have been certified by the LTC, the assessor must submit a change order to the commission for approval. For historical information on the number of tax rolls certified and the number of change orders processed, see the General Performance Information table that follows this objective.

<sup>3</sup> The Louisiana Tax Commission is charged with appraising and auditing all public service properties throughout the state. These properties are assessed by the LTC at the rate of 10% of fair market value of land, 25% of fair market value for all other property owned by public service companies, with the exception of airlines, railroads, private car companies, and electric cooperatives, which are assessed at the rate of 15% of fair market value. Each company's assessed valuation is distributed to the various local taxing jurisdictions. The tax dollars produced from assessments of public service properties remain in local parish coffers. Any major changes in reporting by a particular industry may trigger an audit of that industry. Audits are performed to assure compliance as well as to verify financial information. The number of public service audits that will produce revenue has decreased since all major industries have been audited and are now reporting correctly. For historical information on the number of public service appraisals and audits conducted, see the General Performance Information table that follows.

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3. (KEY) To conduct appraisals throughout the state to assist local assessors.

Strategic Link: This operational objective is related to the program's Strategic Goal I: *To ensure assessment uniformity and accuracy, we will improve the quality of ratio studies and other appraisals*

Louisiana: *Vision 2020* Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: All ratio studies contain property appraisals. In addition, the Louisiana Tax Commission conducts appraisals at the request of local assessors or taxing bodies. Louisiana Tax Commission (LTC) staff assists local governments in the appraisal of major income-producing property, using the income approach to value. LTC staff continues to expand the appraisal program by including industrial property such as paper mills, grain elevators, and petro-chemical plants. Commission staff conduct complex appraisals of large statewide industrial facilities that are being added to the parish roll books upon completion of their ten-year industrial tax exemptions and provide data to parish assessors.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
K	Total number of property appraisals conducted <sup>1</sup>	6,000	6,914	6,000	6,000	6,100	6,100
S	Number of ratio studies conducted <sup>2</sup>	70	70	70	70	70	70

<sup>1</sup> The number of property appraisals varies from year to year due to the type of ratio study conducted (all ratio studies contain property appraisals) and the number of request from local assessors or taxing bodies.

<sup>2</sup> Ratio studies are used by the Louisiana Tax Commission (LTC) to establish whether assessment values of real property are proper and uniform. Ratio studies are conducted in each parish annually; since there are 70 local tax assessors in Louisiana, this number remains constant at 70. However, because of new technological upgrades, the quality of such studies can and will be improved. All ratio studies contain property appraisals; the property appraisals associated with ratio studies are included in the total number of property appraisals conducted. Real estate appraisals used in the ratio study are representative of all different types of property found in the parishes. The estimates of values are determined and compared to the assessments. The assessed values should be within 10% of that indicated by the appraisals.

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4. (SUPPORTING) To audit personal property request made by assessors throughout the state and conduct any related industry audits.

Strategic Link: This operational objective is related to the program's Strategic Objective II.1: *Operate an audit program which ensures that all public utility companies are on the tax rolls and that 375 Louisiana: Vision 2020* Link: Not applicable  
 Children's Cabinet Link: Not applicable  
 Other Link(s): Not applicable

Explanatory Note:

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
S	Number of personal property audits conducted <sup>1</sup>	30	21	20	20	18	18
S	Additional tax added due to personal property audits	\$750,000	\$676,343	\$600,000	\$600,000	\$500,000	\$500,000

<sup>1</sup> In FY 2000-2001, the method of calculation for this indicator was changed to reflect the number of taxpayers audited, regardless of the number of locations (or sites) that any audited taxpayer may have. The method of calculating this indicator was changed in order to be consistent with the way in which the Department of Revenue counts audits. Under the revised calculation methodology, personal property audits should maintain a level between 15 and 20 per year. The audits result from requests by assessors, as well as, LTC staff investigations conducted with the Department of Revenue.

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GENERAL PERFORMANCE INFORMATION:					
PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES				
	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00	PRIOR YEAR ACTUAL FY 2000-01
<b>Protest Hearings:</b>					
Number of protest hearings completed	175	260	95	136	140
<b>Assessments of Banks &amp; Insurance Companies:</b>					
Number of banks assessed	187	187	168	175	171
Assessed value of banks (in millions)	\$492.2	\$558.0	\$593.2	\$590.8	\$570.5
Number of insurance companies assessed	794	725	730	759	775
Assessed value of insurance companies (in millions)	\$50.4	\$50.4	\$56.3	\$56.0	\$56.5
<b>Appraisal &amp; Assessment of Public Utility</b>					
Number of public service appraisals conducted	589	630	617	755	626
Number of public service audits conducted	14	2	5	4	8
Assessed value of public service properties (in billions)	\$2.732	\$3.180	\$3.125	\$3.180	\$3.337
Ad valorem taxes produced by public service	\$273	\$318	\$313	\$318	\$334
Assessed value added to parish tax rolls (in millions)	\$3.3	\$6.5	\$7.4	\$7.5	\$11.7
Additional taxes realized by local government as a	\$1,294,000	\$697,164	\$601,370	\$773,675	\$1,299,280
<b>Certification of Tax Rolls:</b>					
Number of tax rolls certified	70	70	70	70	70
Number of change orders processed	36,365	34,845	36,026	28,796	33,672